



HEALTH QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2004
OF THE CONDITION AND AFFAIRS OF THE

Priority Health

NAIC Group Code	3383	3383	NAIC Company Code	95561	Employer's ID Number	38-2715520
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Dental Service Corporation []	
	Vision Service Corporation []		Other []		Health Maintenance Organization [X]	
	Hospital, Medical & Dental Service or Indemnity []		Is HMO, Federally Qualified? Yes [] No [X]			
Date Incorporated	03/07/1986		Commenced Business	10/15/1986		
Statutory Home Office	1231 East Beltline NE			Grand Rapids, MI 49525-4501		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-464-8235	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-464-8235	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Website Address	www.priority-health.com					
Statutory Statement Contact	Malcolm Hall			616-464-8235		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	malcolm.hall@priority-health.com			616-942-7916		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact						
	(Street and Number)			(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Kimberly K Horn	Chief Executive Officer	Judith W Hooyenga	Secretary
Dennis J Reese	Chief Financial Officer		

OTHER OFFICERS

--	--	--	--

DIRECTORS OR TRUSTEES

Richard C. Breon	Joseph L Brock	Harold E Burrell	Gaylen J Byker
James H Childress	Kenneth J Fawcett	Michael P Freed	Jon M Gans
David E Gast	Gail D Gwizdala	Jerold R Harwood	Edward A Higuera
Nicholas P Kokx	Lynn M Kotecki	Peter B Lundeen	Charles E McCallum
George N Monsma	Timothy V Smith	Hilary F Snell	Dale M Sowders
Jody D Vanderwel	Thomas J Wesholski	David B Johnson	Dennis Aloia
Daniel H Baldwin	Stephen W Burkhammer		

State of Michigan
County of Kent SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn Chief Executive Officer	Judith W Hooyenga Secretary	Dennis J Reese Chief Financial Officer
--	--------------------------------	---

Subscribed and sworn to before me this	a. Is this an original filing?	Yes [X] No []
day of ,	b. If no,	
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	

Cheryl Britcher, Executive Administrative Assistant
12/30/2005

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	99,797,266	0	99,797,266	58,470,045
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$0 encumbrances)	437,599	196,919	240,680	471,229
4.2 Properties held for the production of income (less \$0 encumbrances)			0	0
4.3 Properties held for sale (less \$0 encumbrances)			0	0
5. Cash (\$(124,421)), cash equivalents (\$92,145,073) and short-term investments (\$53,649,033)	145,669,685		145,669,685	143,928,926
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets	15,135,013	0	15,135,013	5,194,341
8. Receivable for securities	0	0	0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	261,039,563	196,919	260,842,644	208,064,541
11. Investment income due and accrued	1,316,733	0	1,316,733	1,330,175
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	6,179,418	41,587	6,137,831	5,900,266
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums)			0	0
12.3 Accrued retrospective premiums			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	0	0	0	138,874
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon			0	0
15.2 Net deferred tax asset			0	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software	0		0	22,567
18. Furniture and equipment, including health care delivery assets (\$0)	191,380	191,380	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	2,340,904	1,687,533	653,371	2,141,844
21. Health care (\$3,626,802) and other amounts receivable	8,384,098	4,731,452	3,652,646	4,340,246
22. Other assets nonadmitted			0	0
23. Aggregate write-ins for other than invested assets	519,755	519,755	0	448,126
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	279,971,851	7,368,626	272,603,225	222,386,639
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	279,971,851	7,368,626	272,603,225	222,386,639
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. LT Investment in Michigan Affiliated Health Plan	15,000	15,000	0	0
2302. Goodwill	0	0	0	448,126
2303. Prepaid Expenses	504,755	504,755	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	519,755	519,755	0	448,126

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)	63,874,581	8,168,419	72,043,000	71,525,377
2. Accrued medical incentive pool and bonus amounts	30,177,680	0	30,177,680	33,897,648
3. Unpaid claims adjustment expenses	1,303,563	166,702	1,470,265	1,459,701
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	21,395,659		21,395,659	14,117,638
9. General expenses due or accrued	1,131,501		1,131,501	1,211,881
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability.....			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	4,781,154		4,781,154	233,903
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21).....	122,664,138	8,335,121	130,999,259	122,446,148
23. Common capital stock	XXX	XXX	10,524	10,524
24. Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX	35,819,002	35,819,002
26. Surplus notes	XXX	XXX		0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	1,000,000	1,000,000
28. Unassigned funds (surplus)	XXX	XXX	104,774,440	63,110,965
29. Less treasury stock, at cost:				
29.1 .....shares common (value included in Line 23) \$)	XXX	XXX		0
29.2 .....shares preferred (value included in Line 24) \$)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 minus Line 29)	XXX	XXX	141,603,966	99,940,491
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	272,603,225	222,386,639
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2701. Appropriated Retained Earnings.....	XXX	XXX	1,000,000	1,000,000
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	1,000,000	1,000,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	3,199,473	2,867,583
2. Net premium income (including .....0 non-health premium income).....	XXX	693,505,144	571,225,067
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	693,505,144	571,225,067
Hospital and Medical:			
9. Hospital/medical benefits		430,635,841	360,866,830
10. Other professional services		242,291	262,253
11. Outside referrals		17,763,048	16,825,490
12. Emergency room and out-of-area		12,478,176	11,089,501
13. Prescription drugs		126,669,329	113,612,996
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	587,788,685	502,657,070
Less:			
17. Net reinsurance recoveries		161,117	945,790
18. Total hospital and medical (Lines 16 minus 17)	0	587,627,568	501,711,280
19. Non-health claims			0
20. Claims adjustment expenses, including \$ 968,329 cost containment expenses.....		9,683,286	7,539,503
21. General administrative expenses.....		54,871,953	42,723,850
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....			0
23. Total underwriting deductions (Lines 18 through 22)	0	652,182,807	551,974,633
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	41,322,337	19,250,434
25. Net investment income earned		3,038,010	1,177,462
26. Net realized capital gains (losses)		13,068	240,418
27. Net investment gains (losses) (Lines 25 plus 26)	0	3,051,078	1,417,880
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	44,373,415	20,668,314
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	44,373,415	20,668,314
DETAILS OF WRITE-INS			
0601.	XXX	0	0
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year to Date	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting year.....	99,940,491	61,903,566
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	44,373,415	31,328,331
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Net unrealized capital gains and losses		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	(1,850,614)	986,769
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock		0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in		0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in		6,058,234
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	(859,326)	(336,409)
48. Net change in capital & surplus (Lines 34 to 47)	41,663,475	38,036,925
49. Capital and surplus end of reporting period (Line 33 plus 48)	141,603,966	99,940,491
DETAILS OF WRITE-INS		
4701. Gain/(Loss) in Affiliates.....	(540,213)	(240,100)
4702. Change in Non-Admitted Assets of Affiliates.....	(319,113)	(96,309)
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	(859,326)	(336,409)

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	700,593,800	787,133,779
2. Net investment income	3,615,476	2,735,458
3. Miscellaneous income	(630,371)	2,761,196
4. Total (Lines 1 to 3)	703,578,905	792,630,433
5. Benefits and loss related payments	590,691,039	643,617,650
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	64,625,055	69,553,708
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	655,316,094	713,171,358
11. Net cash from operations (Line 4 minus Line 10)	48,262,811	79,459,075
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	25,641,104	36,592,772
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	1
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(1,109,669)	(1,174,746)
12.7 Miscellaneous proceeds	2,214,179	1,670,944
12.8 Total investment proceeds (Lines 12.1 to 12.7)	26,745,614	37,088,971
13. Cost of investments acquired (long-term only):		
13.1 Bonds	67,647,677	54,229,024
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	10,800,000	2,010,000
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	78,447,677	56,239,024
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(51,702,063)	(19,150,053)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	6,058,231
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	5,180,011	(1,576,144)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	5,180,011	4,482,087
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Lines 15 and 17)	1,740,759	64,791,109
19. Cash and short-term investments:		
19.1 Beginning of period	143,928,926	79,137,817
19.2 End of period (Line 18 plus Line 19.1)	145,669,685	143,928,926

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	335,480	786	334,694	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2 First Quarter	354,266	792	353,474	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3 Second Quarter	356,090	855	355,235	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Third Quarter	358,953	852	358,101										
5. Current Year	0												
6 Current Year Member Months	3,199,473	7,443	3,192,030										
Total Member Ambulatory Encounters for Period:													
7. Physician	1,730,256	4,025	1,726,231										
8. Non-Physician	46,917	109	46,808										
9. Total	1,777,173	4,134	1,773,039	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	56,066	130	55,936										
11. Number of Inpatient Admissions	14,760	34	14,726										
12. Health Premiums Written	700,783,165	2,120,537	698,662,628										
13. Life Premiums Direct.....	.0												
14. Property/Casualty Premiums Written .....	.0												
15. Health Premiums Earned	693,505,144	2,098,514	691,406,630										
16. Property/Casualty Premiums Earned .....	.0												
17. Amount Paid for Provision of Health Care Services	590,829,910	2,118,964	588,692,416						18,530				
18. Amount Incurred for Provision of Health Care Services	587,788,685	2,150,278	585,636,261						2,146				

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	52,935,992	504,517,315	1,056,392	70,986,609	53,992,384	71,507,695
2. Medicare Supplement .....	.0				.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid	18,530				18,530	17,682
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	52,954,522	504,517,315	1,056,392	70,986,609	54,010,914	71,525,377
10. Other non-health .....					.0	.0
11. Medical incentive pools and bonus amounts	31,800,331	1,557,743		30,177,681	31,800,331	33,897,648
12. Totals	84,754,853	506,075,058	1,056,392	101,164,290	85,811,245	105,423,025

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

No material changes from year end disclosures.

2. Accounting Changes and Correction of Errors

No material changes from year end disclosures.

3. Business Combinations and Goodwill

No material changes from year end disclosures.

4. Discontinued Operations

No material changes from year end disclosures.

5. Investments

No material changes from year end disclosures.

6. Joint Ventures, Partnerships and Limited Liability Companies

No material changes from year end disclosures.

7. Investment Income

No material changes from year end disclosures.

8. Derivative Instruments

No material changes from year end disclosures.

9. Income Taxes

No material changes from year end disclosures.

10. Information Concerning Parent, Subsidiaries, and Affiliates

No material changes from year end disclosures.

11. Debt

No material changes from year end disclosures.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No material changes from year end disclosures.

13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations

No material changes from year end disclosures.

14. Contingencies

No material changes from year end disclosures.

15. Leases

No material changes from year end disclosures.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No material changes from year end disclosures.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note is Not Applicable to the Plan.

18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

No material changes from year end disclosures.

NOTES TO FINANCIAL STATEMENTS

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

20. September 11 Events

No material changes from year end disclosures.

21. Other Items

No material changes from year end disclosures.

22. Events Subsequent

No material changes from year end disclosures.

23. Reinsurance

No material changes from year end disclosures.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from year end disclosures.

25. Change in Incurred Claims and Claim Adjustment Expenses

No material changes from year end disclosures.

26. Intercompany Pooling Arrangements

No material changes from year end disclosures.

27. Structured Settlements

No material changes from year end disclosures.

28. Health Care Receivables

No material changes from year end disclosures.

29. Participating Policies

No material changes from year end disclosures.

30. Premium Deficiency Reserves

No material changes from year end disclosures.

31. Anticipated Salvage and Subrogation

No material changes from year end disclosures.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements?

Yes ☐ No ☒
- 1.2

If yes, explain:
.....
- 2.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 2.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 3.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 3.2

If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
4.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☒ No ☐

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....

6.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

If yes, attach an explanation.

Yes ☐ No ☒ NA ☐
- 7.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2003
- 7.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2003
- 7.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/21/2001
- 7.4

By what department or departments?
OF IS:.....
- 8.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ☐ No ☒
- 8.2

If yes, give full information:
.....
- 9.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes ☐ No ☒
- 9.2

If response to 9.1 is yes, please identify the name of the bank holding company.
.....
- 9.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes ☐ No ☒
- 9.4

If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....
.....
.....

GENERAL INTERROGATORIES
INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]
10.2 If yes, explain:
.....

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]
11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$

13. Amount of real estate and mortgages held in short-term investments:\$

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No []

14.2 If yes, please complete the following:

		1	2
		Prior Year-End Statement Value	Current Quarter Statement Value
14.21	Bonds	\$	\$
14.22	Preferred Stock	\$	\$
14.23	Common Stock	\$	\$
14.24	Short-term Investments	\$	\$
14.25	Mortgages, Loans or Real Estate	\$	\$
14.26	All Other	\$5,194,339	\$15,135,013
14.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$5,194,339	\$15,135,013
14.28	Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$
14.29	Receivable from Parent not included in Lines 14.21 to 14.26 above	\$3,608	\$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [X]

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank	Cincinnati, OH 45263.....
Huntington National Bank.....	Columbus, OH 43216.....
Prime Advisors, Inc.....	Bloomfield, Connecticut 06002.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

SCHEDULE A - VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	554,388	714,177
2. Increase (decrease) by adjustment	(116,789)	(159,789)
3. Cost of acquired		0
4. Cost of additions to and permanent improvements		0
5. Total profit (loss) on sales		0
6. Increase (decrease) by foreign exchange adjustment		0
7. Amount received on sales		0
8. Book/adjusted carrying value at end of current period	437,599	554,388
9. Total valuation allowance		0
10. Subtotal (Lines 8 plus 9)	437,599	554,388
11. Total nonadmitted amounts	196,919	83,159
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	240,680	471,229

SCHEDULE B – VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount and mortgage interest points and commitment fees		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	0

SCHEDULE BA – VERIFICATION

Other Invested Assets Included in Schedule BA

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	5,194,341	3,520,750
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions	7,800,000	0
2.2. Additional investment made after acquisitions	3,000,000	2,010,000
3. Accrual of discount		0
4. Increase (decrease) by adjustment	(859,328)	(336,409)
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book/adjusted carrying value of long-term invested assets at end of current period	15,135,013	5,194,341
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	15,135,013	5,194,341
12. Total nonadmitted amounts		0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	15,135,013	5,194,341

SCHEDULE D - VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	58,470,044	41,313,771
2. Cost of bonds and stocks acquired	67,647,677	54,229,023
3. Accrual of discount	28,731	0
4. Increase (decrease) by adjustment	(128,393)	(686,038)
5. Increase (decrease) by foreign exchange adjustment		0
6. Total profit (loss) on disposal	13,068	206,060
7. Consideration for bonds and stocks disposed of	25,641,106	36,592,772
8. Amortization of premium	592,755	0
9. Book/adjusted carrying value, current period	99,797,266	58,470,044
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	99,797,266	58,470,044
12. Total nonadmitted amounts		0
13. Statement value	99,797,266	58,470,044

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	107,802,771	57,184,425	26,232,224	(455,837)	109,465,778	107,802,771	138,299,135	111,545,873
2. Class 2	3,497,577	1,751,265		(15,821)	3,276,639	3,497,577	5,233,021	4,080,671
3. Class 3	0				0	0	0	0
4. Class 4	0				0	0	0	0
5. Class 5	0				0	0	0	0
6. Class 6	0				0	0	0	0
7. Total Bonds	111,300,348	58,935,690	26,232,224	(471,658)	112,742,417	111,300,348	143,532,156	115,626,544
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	111,300,348	58,935,690	26,232,224	(471,658)	112,742,417	111,300,348	143,532,156	115,626,544

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	53,649,033	XXX	54,232,672	2,128,808	276,317

SCHEDULE DA - PART 2- Verification

Short-Term Investments Owned		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	57,156,489	29,599,727
2. Cost of short-term investments acquired	50,321,213	79,921,508
3. Increase (decrease) by adjustment	(1,109,669)	(1,174,746)
4. Increase (decrease) by foreign exchange adjustment		0
5. Total profit (loss) on disposal of short-term investments		0
6. Consideration received on disposal of short-term investments	52,719,000	51,190,000
7. Book/adjusted carrying value, current period	53,649,033	57,156,489
8. Total valuation allowance		0
9. Subtotal (Lines 7 plus 8)	53,649,033	57,156,489
10. Total nonadmitted amounts		0
11. Statement value (Lines 9 minus 10)	53,649,033	57,156,489
12. Income collected during period	742,822	140,175
13. Income earned during period	543,765	626,021

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE Priority Health

SCHEDULE S—CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

[illegible]

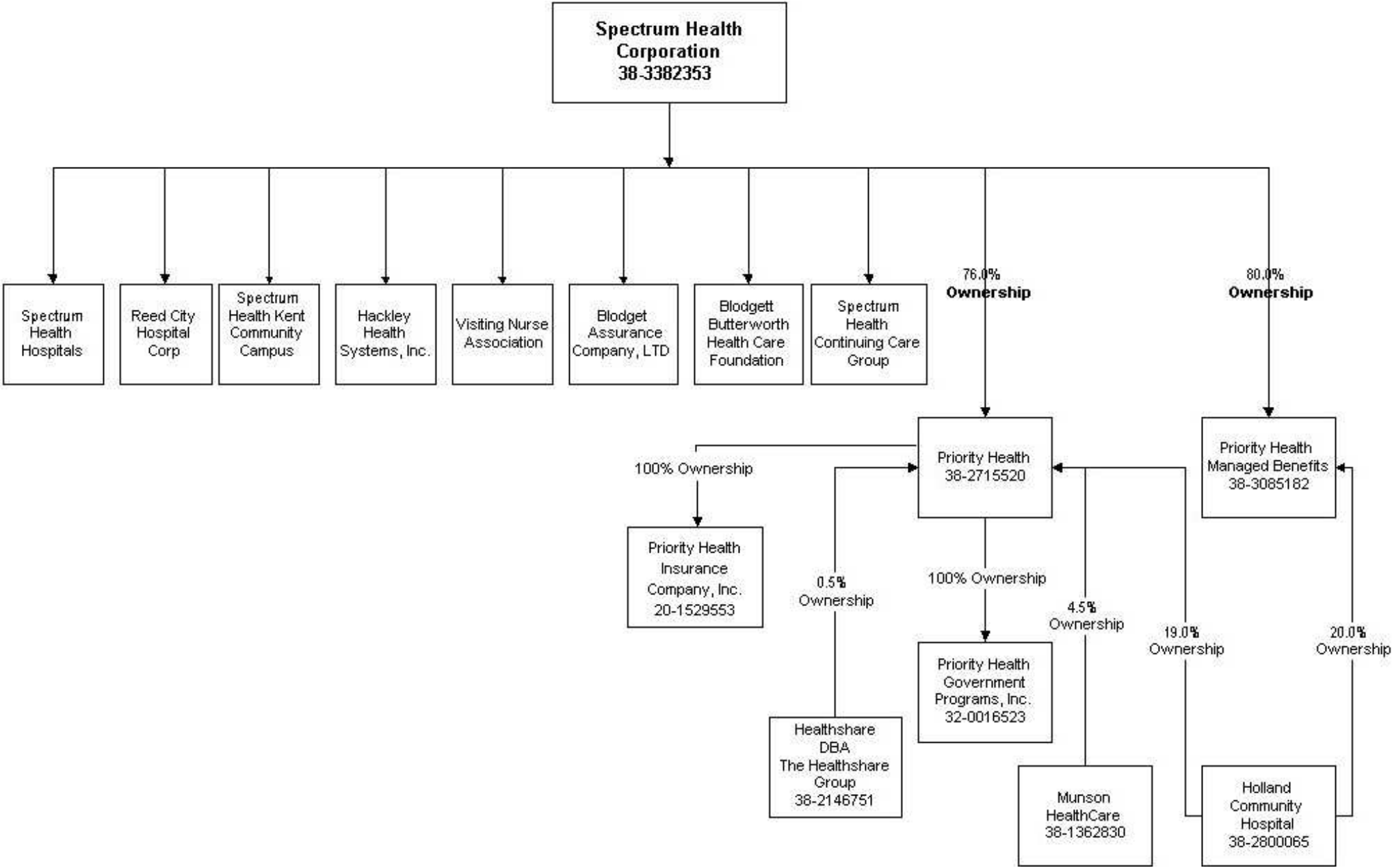
SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only Year-to-Date					
				3	4	5	6	7	8
States, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/Casualty Premiums
1. Alabama	AL	No	No						
2. Alaska	AK	No	No						
3. Arizona	AZ	No	No						
4. Arkansas	AR	No	No						
5. California	CA	No	No						
6. Colorado	CO	No	No						
7. Connecticut	CT	No	No						
8. Delaware	DE	No	No						
9. District of Columbia	DC	No	No						
10. Florida	FL	No	No						
11. Georgia	GA	No	No						
12. Hawaii	HI	No	No						
13. Idaho	ID	No	No						
14. Illinois	IL	No	No						
15. Indiana	IN	No	No						
16. Iowa	IA	No	No						
17. Kansas	KS	No	No						
18. Kentucky	KY	No	No						
19. Louisiana	LA	No	No						
20. Maine	ME	No	No						
21. Maryland	MD	No	No						
22. Massachusetts	MA	No	No						
23. Michigan	MI	No	Yes	700,783,165					
24. Minnesota	MN	No	No						
25. Mississippi	MS	No	No						
26. Missouri	MO	No	No						
27. Montana	MT	No	No						
28. Nebraska	NE	No	No						
29. Nevada	NV	No	No						
30. New Hampshire	NH	No	No						
31. New Jersey	NJ	No	No						
32. New Mexico	NM	No	No						
33. New York	NY	No	No						
34. North Carolina	NC	No	No						
35. North Dakota	ND	No	No						
36. Ohio	OH	No	No						
37. Oklahoma	OK	No	No						
38. Oregon	OR	No	No						
39. Pennsylvania	PA	No	No						
40. Rhode Island	RI	No	No						
41. South Carolina	SC	No	No						
42. South Dakota	SD	No	No						
43. Tennessee	TN	No	No						
44. Texas	TX	No	No						
45. Utah	UT	No	No						
46. Vermont	VT	No	No						
47. Virginia	VA	No	No						
48. Washington	WA	No	No						
49. West Virginia	WV	No	No						
50. Wisconsin	WI	No	No						
51. Wyoming	WY	No	No						
52. American Samoa	AS	No	No						
53. Guam	GU	No	No						
54. Puerto Rico	PR	No	No						
55. U.S. Virgin Islands	VI	No	No						
56. Canada	CN	No	No						
57. Aggregate Other Alien	OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)		XXX	(a) 1	700,783,165	0	0	0	0	0
DETAILS OF WRITE-INS									
5701.									
5702.									
5703.									
5798. Summary of remaining write-ins for Line 57 from overflow page				0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)				0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory question.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

.....YES.....

Explanation:

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1 Number of Units and Description	Location		4 Name of Vendor	5 Date Acquired	6 Actual Cost	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Increase (Decrease) by Adjustment	10 Increase (Decrease) by Foreign Exchange Adjustment
	2 City	3 State							
			NONE						
9999999 Totals									

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets SOLD, Transferred or Paid in Full During the Current Quarter

1 Number of Units and Description	Location		4 Name of Purchaser or Nature of Disposition	5 Date Acquired	6 Book/ Adjusted Carrying Value Less Encumbrances, Prior Year	7 Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Book/ Adjusted Carrying Value Less Encumbrances at Disposition	10 Consideration Received	11 Foreign Exchange Profit (Loss) on Sale	12 Realized Profit (Loss) on Sale	13 Total Profit (Loss) on Sale
	2 City	3 State										
9999999 Totals												

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE Priority Health

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator ^(a)
BONDS									
GOVERNMENTS									
UNITED STATES									
3128X1-BJ-5	FHLMC 3.750 05/12/2009		07/20/2004	LEGG MASON		246,205	250,000	1,797	1FE
3128X1-MZ-7	FHLMC 3.000 06/30/2009		07/21/2004	CAMBRIDGE GROUP		189,563	200,000	367	1FE
3128X3-SS-3	FHLMC 2.810 02/02/2006		08/16/2004	DAIN BOSWORTH		1,005,120	1,000,000	1,171	1FE
3133X2-B4-6	FHLB 2.750 11/15/2006		08/18/2004	DAIN BOSWORTH		999,240	1,000,000	7,181	1FE
3133X4-ZC-8	FHLB 3.000 04/15/2009		08/19/2004	JP MORGAN		971,227	1,000,000	10,417	1FE
3133X8-2V-3	FHLB 3.375 09/14/2007		09/29/2004	HUNTINGTON BANK		95,662	95,000	143	1FE
3133X8-5X-6	FHLB 2.250 08/02/2005		07/29/2004	FIFTHTHIRD		1,999,016	2,000,000		1FE
3134A4-GK-4	FHLMC 5.500 07/15/2006		08/18/2004	DAIN BOSWORTH		527,075	500,000	2,597	1FE
31359M-FG-3	FNMA 7.250 01/15/2010		08/16/2004	DAIN BOSWORTH		1,158,420	1,000,000	6,444	1FE
31359M-SQ-7	FNMA 3.250 08/15/2008		08/24/2004	FIFTHTHIRD		49,594	50,000	54	1FE
31359M-TU-7	FNMA 2.000 01/15/2006		07/16/2004	FIFTHTHIRD		99,313	100,000	22	1FE
3136F3-KX-7	FNMA 3.200 06/24/2009		07/20/2004	CAMBRIDGE GROUP		192,474	200,000	480	1FE
36202V-XU-0	GNMA #610991 5.000 06/01/2034		08/13/2004	MERRILL LYNCH		993,126	1,000,001	2,500	1
36291E-RM-5	GNMA #626092 5.500 03/01/2034		08/13/2004	MERRILL LYNCH		1,017,133	1,000,100	2,750	1
912827-V8-2	US TREASURY N/B 5.875 11/15/2005		08/19/2004	JP MORGAN		784,893	750,000	11,614	1
912827-Z6-2	US TREASURY N/B 6.500 10/15/2006		08/19/2004	BARCLAY		812,637	750,000	16,916	1
912828-AH-3	US TREASURY N/B 3.250 08/15/2007		08/16/2004	MORGAN STANLEY		505,586	500,000	88	1
912828-BV-1	US TREASURY N/B 3.250 01/15/2009		08/19/2004	BARCLAY		999,883	1,000,000	3,179	1
99M003-21-8	GNMA TBA 5.000 08/01/2034		08/13/2004	MERRILL LYNCH		993,125	1,000,000	2,500	1
99M003-22-6	GNMA TBA 5.500 08/01/2034		08/13/2004	MERRILL LYNCH		1,017,031	1,000,000	2,750	1
0399999 - Total - Bonds - U.S. Government						14,656,321	14,395,101	72,970	XXX
SPECIAL REVENUE & SPECIAL ASSESS.									
UNITED STATES									
312965-TD-8	FHLMC B13248 5.000 04/01/2019		08/13/2004	MERRILL LYNCH		2,035,514	2,000,198	4,445	1
31297C-KU-3	FHLMC A24807 5.000 07/01/2034		08/13/2004	MERRILL LYNCH		1,973,241	1,999,801	3,889	1
31297E-UN-4	FHLMC A26889 5.500 09/01/2034		08/13/2004	LEHMAN		1,011,563	1,000,000	2,139	1
31331T-S7-7	FFCB 4.350 06/01/2009		08/25/2004	FIFTHTHIRD		255,655	250,000	2,568	1FE
31371L-K2-4	FNMA #255113 5.000 02/01/2024		08/13/2004	DAIN BOSWORTH		1,045,277	1,041,858	2,315	1
31404K-TB-8	FNMA #771046 4.500 04/01/2019		08/13/2004	JP MORGAN		996,718	1,000,000	2,000	1
31405B-A6-8	FNMA #784029 4.500 06/01/2019		08/13/2004	JP MORGAN		996,718	999,999	2,000	1
31405F-3V-2	FNMA #788412 4.500 07/01/2019		08/04/2004	MERRILL LYNCH		443,813	450,000	900	1
31405H-5G-9	FNMA #790247 5.000 08/01/2034		08/04/2004	BEAR STEARNS		488,701	499,950	764	1
31405N-S8-9	FNMA #794443 5.500 10/01/2034		08/13/2004	JP MORGAN		1,011,720	1,000,001	2,139	1
99M003-14-3	FNMA TBA 4.500 08/01/2019		08/13/2004	VARIOUS		2,437,250	2,450,000	4,900	1
99M003-15-0	FNMA TBA 5.000 08/01/2034		08/04/2004	BEAR STEARNS		488,750	500,000	764	1
99M003-17-6	FHLMC TBA 5.000 08/01/2019		08/13/2004	MERRILL LYNCH		2,035,313	2,000,000	4,444	1
99M003-18-4	FHLMC TBA 5.000 09/01/2034		08/13/2004	MERRILL LYNCH		1,973,438	2,000,000	3,889	1
99M003-19-2	FHLMC TBA 5.500 09/01/2034		08/13/2004	LEHMAN		1,011,563	1,000,000	2,139	1
99M003-20-0	FNMA TBA 5.500 09/01/2034		08/13/2004	JP MORGAN		1,011,719	1,000,000	2,139	1
3199999 - Total - Bonds - Special Revenue						19,216,951	19,191,807	41,433	XXX
INDUSTRIAL & MISC. (UNAFFIL)									
UNITED STATES									
025537-AA-9	AMERICAN ELECTRIC POWER 6.125 05/15/2006		08/19/2004	FIRST UNION		263,528	250,000	4,211	2FE
05947U-HM-3	BACM 2002-2 A3 5.118 05/01/2012		08/13/2004	JP MORGAN		1,032,930	1,000,000	2,417	1FE
06423R-BE-5	BOIT 2003-A9 A9 3.860 10/15/2008		08/13/2004	DMG		1,008,398	1,000,000	322	1FE
14040K-BX-5	COMT 2001-5 A 5.300 08/15/2006		07/01/2004	DMG		521,484	500,000	1,619	1FE
16151R-AX-1	CHAMT 2001-4 A 5.500 07/15/2006		08/13/2004	DMG		840,281	800,000	367	1FE
205887-AZ-5	CONAGRA FOODS INC 6.000 09/15/2006		08/19/2004	BNP		264,785	250,000	6,625	2FE
209615-BW-2	CONSOLIDATED NATURAL GAS 5.375 11/01/2006		08/18/2004	BARCLAY		261,950	250,000	4,181	1FE
22540A-JM-1	CSFB 1998-C2 A2 6.300 12/11/2008		08/13/2004	JP MORGAN		1,092,383	1,000,000	1,225	1FE
23383V-BW-9	DCAT 2002-C A4 3.090 12/08/2006		08/13/2004	KEY		1,007,266	1,000,000	858	1FE
25468P-BZ-8	WALT DISNEY COMPANY 5.375 06/01/2007		09/15/2004	ADVEST		262,905	250,000	4,069	2FE
263534-BJ-7	E. I. DU PONT DE NEMOURS 6.875 10/15/2009		08/16/2004	HSBC		568,660	500,000	14,896	1FE
264399-EK-8	DUKE ENERGY CORP 3.750 03/05/2008		09/15/2004	FIRST UNION		251,110	250,000	391	1FE
46625M-WW-5	JPMCC 2003-CB6 A1 4.393 12/01/2012		08/16/2004	JP MORGAN		946,894	938,826	2,062	1FE
501773-CS-2	LBCMT 1999-C1 A2 6.780 10/01/2009		08/18/2004	DMG		1,117,813	1,000,000	3,578	1FE
574599-AU-0	MASCO CORP 6.750 03/15/2006		09/28/2004	FIRST BOSTON		158,445	150,000	450	2FE
61745M-KY-8	MSC 1999-RM1 A2 6.710 11/01/2008		08/18/2004	DMG		1,108,828	1,000,000	3,541	1FE

SCHEDULE D - PART 3

[illegible]

E04.1

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
BONDS GOVERNMENTS UNITED STATES																					
3134A4-PX-6..	FHLMC 3.000 07/15/2004..		07/15/2004..	MATURITY.....		250,000	250,000	255,125	252,101	0	(2,101)	0	(2,101)	0	250,000	0	0	0	5,399	07/15/2004..	1FE...
31359C-CD-5..	FNMA 5.875 02/02/2006..		09/16/2004..	BONDS DIRECT.....		522,970	500,000	548,390	530,938	0	(10,350)	0	(10,350)	0	520,588	0	2,382	2,382	22,697	02/02/2006..	1FE...
31359W-HB-2..	GNMA #610991 5.500 02/15/2006..		09/16/2004..	UBS.....		521,272	500,000	545,000	529,483	0	(9,699)	0	(9,699)	0	519,784	0	1,488	1,488	20,245	02/15/2006..	1FE...
36202V-XU-0..	GNMA #626092 5.000 06/01/2034..		09/01/2004..	MBS PAYDOWN.....		1,196	1,196	1,188	1,196	0	0	0	0	0	1,196	0	0	0	5	06/01/2034..	1.....
36291E-RM-5..	GNMA #626092 5.500 03/01/2034..		09/01/2004..	MBS PAYDOWN.....		1,106	1,106	1,125	1,106	0	0	0	0	0	1,106	0	0	0	5	03/01/2034..	1.....
912828-BS-8..	US TREASURY N/B 1.875 11/30/2005..		07/21/2004..	MERRILL LYNCH.....		397,531	400,000	399,961	399,963	0	11	0	11	0	399,975	0	(2,443)	(2,443)	4,827	11/30/2005..	1.....
99M003-21-8..	GNMA TBA 5.000 08/01/2034..		08/13/2004..	MERRILL LYNCH.....		993,125	1,000,000	993,125	993,125	0	0	0	0	0	993,125	0	0	0	2,500	08/01/2034..	1.....
99M003-22-6..	GNMA TBA 5.500 08/01/2034..		08/13/2004..	MERRILL LYNCH.....		1,017,031	1,000,000	1,017,031	1,017,031	0	0	0	0	0	1,017,031	0	0	0	2,750	08/01/2034..	1.....
0399999 - Bonds - U.S. Governments						3,704,231	3,652,302	3,760,945	3,724,944	0	(22,139)	0	(22,139)	0	3,702,805	0	1,426	1,426	58,428	XXX	XXX
581655-AV-9..	MC KINNEY TX ECONOMIC DEV 7.125 09/01/2004..		09/01/2004..	MATURITY.....		320,000	320,000	348,678	330,357	0	(10,357)	0	(10,357)	0	320,000	0	0	0	12,443	09/01/2004..	1FE...
SPECIAL REVENUE & SPECIAL ASSESS. UNITED STATES																					
31283H-S9-7..	FHLMC G01444 6.500 08/01/2032..		09/01/2004..	MBS PAYDOWN.....		51,127	51,127	53,252	52,066	0	(939)	0	(939)	0	51,127	0	0	0	1,234	08/01/2032..	1.....
31287X-Z8-2..	FHLMC C70767 6.000 09/01/2032..		09/01/2004..	MBS PAYDOWN.....		1,488	1,488	1,540	1,494	0	(6)	0	(6)	0	1,488	0	0	0	54	09/01/2032..	1.....
31292H-R7-1..	FHLMC C01410 6.000 10/01/2032..		09/01/2004..	MBS PAYDOWN.....		14,334	14,334	14,784	14,458	0	(124)	0	(124)	0	14,334	0	0	0	444	10/01/2032..	1.....
31292H-RZ-9..	FHLMC C01404 6.500 10/01/2032..		09/01/2004..	MBS PAYDOWN.....		20,736	20,736	21,513	20,947	0	(211)	0	(211)	0	20,736	0	0	0	673	10/01/2032..	1.....
31292J-BQ-2..	FHLMC C01847 5.500 06/01/2034..		09/01/2004..	MBS PAYDOWN.....		7,591	7,591	7,496	7,589	0	2	0	2	0	7,591	0	0	0	81	06/01/2034..	1.....
312965-TD-8..	FHLMC B13248 5.000 04/01/2019..		09/01/2004..	MBS PAYDOWN.....		23,330	23,330	23,742	23,331	0	(1)	0	(1)	0	23,330	0	0	0	97	04/01/2019..	1.....
31371H-D9-6..	FNMA #252228 7.000 12/01/2028..		09/01/2004..	MBS PAYDOWN.....		7,843	7,843	8,215	8,071	0	(227)	0	(227)	0	7,843	0	0	0	128	12/01/2028..	1.....
31371K-T6-8..	FNMA #254473 5.500 10/01/2017..		09/01/2004..	MBS PAYDOWN.....		17,937	17,937	18,571	18,105	0	(168)	0	(168)	0	17,937	0	0	0	480	10/01/2017..	1.....
31371K-UC-3..	FNMA #254479 6.500 10/01/2032..		09/01/2004..	MBS PAYDOWN.....		35,022	35,022	36,220	35,514	0	(492)	0	(492)	0	35,022	0	0	0	996	10/01/2032..	1.....
31371K-WK-3..	FNMA #254550 6.500 12/01/2032..		09/01/2004..	MBS PAYDOWN.....		43,470	43,470	44,991	44,052	0	(582)	0	(582)	0	43,470	0	0	0	1,271	12/01/2032..	1.....
31371L-DN-6..	FNMA #254909 4.000 07/01/2016..		09/01/2004..	MBS PAYDOWN.....		19,215	19,215	19,365	19,242	0	(27)	0	(27)	0	19,215	0	0	0	483	07/01/2016..	1.....
31371L-K2-4..	FNMA #255113 5.000 02/01/2024..		09/01/2004..	MBS PAYDOWN.....		7,295	7,295	7,319	7,295	0	0	0	0	0	7,295	0	0	0	30	02/01/2024..	1.....
31374G-WG-8..	FNMA #313947 7.000 01/01/2028..		09/01/2004..	MBS PAYDOWN.....		9,023	9,023	9,451	9,174	0	(151)	0	(151)	0	9,023	0	0	0	261	01/01/2028..	1.....
31385J-LC-0..	FNMA #545823 5.500 08/01/2017..		09/01/2004..	MBS PAYDOWN.....		15,014	15,014	15,551	15,156	0	(141)	0	(141)	0	15,014	0	0	0	411	08/01/2017..	1.....
31385J-RN-0..	FNMA #545993 6.000 11/01/2032..		09/01/2004..	MBS PAYDOWN.....		29,791	29,791	30,606	30,100	0	(309)	0	(309)	0	29,791	0	0	0	865	11/01/2032..	1.....
31385W-2D-0..	FNMA #555272 6.000 03/01/2033..		09/01/2004..	MBS PAYDOWN.....		47,923	47,923	49,173	48,390	0	(467)	0	(467)	0	47,923	0	0	0	1,429	03/01/2033..	1.....
31385W-2S-7..	FNMA #555285 6.000 03/01/2033..		09/01/2004..	MBS PAYDOWN.....		30,496	30,496	31,020	30,687	0	(191)	0	(191)	0	30,496	0	0	0	1,012	03/01/2033..	1.....

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identi- fication	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Desig- nation or Market Indicator (a)
31385X-NR-4..	FNMA #555800 5.500 10/01/2033.....		..09/01/2004..	MBS PAYDOWN.....		..55,171	..55,171	..55,670	..55,287	.....0	.....(116)	.....0	.....(116)	.....0	.....55,171	.....0	.....0	.....0	..1,886	..10/01/2033..	..1.....
31388K-GA-4..	FNMA #606893 6.500 10/01/2031.....		..09/01/2004..	MBS PAYDOWN.....		..14,891	..14,891	..15,324	..15,059	.....0	.....(167)	.....0	.....(167)	.....0	.....14,891	.....0	.....0	.....0	..473	..10/01/2031..	..1.....
31388L-C8-1..	FNMA #607695 6.500 11/01/2031.....		..09/01/2004..	MBS PAYDOWN.....		..15,075	..15,075	..15,587	..15,268	.....0	.....(193)	.....0	.....(193)	.....0	.....15,075	.....0	.....0	.....0	..457	..11/01/2031..	..1.....
31388R-GT-8..	FNMA #612310 6.000 09/01/2016.....		..09/01/2004..	MBS PAYDOWN.....		..9,327	..9,327	..9,639	..9,431	.....0	.....(104)	.....0	.....(104)	.....0	.....9,327	.....0	.....0	.....0	..285	..09/01/2016..	..1.....
31389U-TR-0..	FNMA #636060 7.000 04/01/2032.....		..09/01/2004..	MBS PAYDOWN.....		..26,477	..26,477	..27,528	..26,661	.....0	.....(184)	.....0	.....(184)	.....0	.....26,477	.....0	.....0	.....0	..973	..04/01/2032..	..1.....
31390P-TE-7..	FNMA #652249 5.000 09/01/2017.....		..09/01/2004..	MBS PAYDOWN.....		..2,040	..2,040	..2,078	..2,054	.....0	.....(14)	.....0	.....(14)	.....0	.....2,040	.....0	.....0	.....0	..54	..09/01/2017..	..1.....
31391D-DD-2..	FNMA #663500 5.500 10/01/2032.....		..09/01/2004..	MBS PAYDOWN.....		..2,891	..2,891	..2,927	..2,900	.....0	.....(9)	.....0	.....(9)	.....0	.....2,891	.....0	.....0	.....0	..97	..10/01/2032..	..1.....
31391J-JM-3..	FNMA #668168 6.000 11/01/2032.....		..09/01/2004..	MBS PAYDOWN.....		..19,262	..19,262	..19,822	..19,433	.....0	.....(171)	.....0	.....(171)	.....0	.....19,262	.....0	.....0	.....0	..692	..11/01/2032..	..1.....
313910-S8-8..	FNMA #673843 5.500 10/01/2017.....		..09/01/2004..	MBS PAYDOWN.....		..14,832	..14,832	..15,115	..14,878	.....0	.....(45)	.....0	.....(45)	.....0	.....14,832	.....0	.....0	.....0	..452	..10/01/2017..	..1.....
31400C-6F-6..	FNMA #684070 5.000 05/01/2018.....		..09/01/2004..	MBS PAYDOWN.....		..11,263	..11,263	..11,531	..11,316	.....0	.....(53)	.....0	.....(53)	.....0	.....11,263	.....0	.....0	.....0	..345	..05/01/2018..	..1.....
31400W-T7-5..	FNMA #699974 5.500 04/01/2033.....		..09/01/2004..	MBS PAYDOWN.....		..20,636	..20,636	..21,139	..20,757	.....0	.....(121)	.....0	.....(121)	.....0	.....20,636	.....0	.....0	.....0	..646	..04/01/2033..	..1.....
31401B-VB-8..	FNMA #703610 4.500 06/01/2018.....		..09/01/2004..	MBS PAYDOWN.....		..12,996	..12,996	..13,331	..13,051	.....0	.....(55)	.....0	.....(55)	.....0	.....12,996	.....0	.....0	.....0	..343	..06/01/2018..	..1.....
31401W-V9-7..	FNMA #720740 5.000 07/01/2033.....		..09/01/2004..	MBS PAYDOWN.....		..13,838	..13,838	..14,164	..13,892	.....0	.....(54)	.....0	.....(54)	.....0	.....13,838	.....0	.....0	.....0	..409	..07/01/2033..	..1.....
31402Q-CF-6..	FNMA #734570 5.500 08/01/2033.....		..09/01/2004..	MBS PAYDOWN.....		..52,462	..52,462	..52,011	..52,373	.....0	..90	.....0	..90	.....0	..52,462	.....0	.....0	.....0	..1,932	..08/01/2033..	..1.....
31402W-LY-2..	FNMA #740243 6.000 10/01/2033.....		..09/01/2004..	MBS PAYDOWN.....		..33,041	..33,041	..33,516	..33,201	.....0	.....(160)	.....0	.....(160)	.....0	..33,041	.....0	.....0	.....0	..1,207	..10/01/2033..	..1.....
31403V-GR-4..	FNMA #759008 5.000 01/01/2034.....		..09/01/2004..	MBS PAYDOWN.....		..11,813	..11,813	..11,724	..11,807	.....0	..6	.....0	..6	.....0	..11,813	.....0	.....0	.....0	..384	..01/01/2034..	..1.....
31404D-QG-6..	FNMA #765555 5.000 12/01/2033.....		..09/01/2004..	MBS PAYDOWN.....		..20,862	..20,862	..20,546	..20,818	.....0	..44	.....0	..44	.....0	..20,862	.....0	.....0	.....0	..733	..12/01/2033..	..1.....
31404J-QD-0..	FNMA #770052 4.500 03/01/2019.....		..09/01/2004..	MBS PAYDOWN.....		..6,943	..6,943	..7,008	..6,951	.....0	.....(8)	.....0	.....(8)	.....0	..6,943	.....0	.....0	.....0	..130	..03/01/2019..	..1.....
31404K-TB-8..	FNMA #771046 4.500 04/01/2019.....		..09/01/2004..	MBS PAYDOWN.....		..4,024	..4,024	..4,011	..4,024	.....0	.....0	.....0	.....0	.....0	..4,024	.....0	.....0	.....0	..15	..04/01/2019..	..1.....
31405B-A6-8..	FNMA #784029 4.500 06/01/2019.....		..09/01/2004..	MBS PAYDOWN.....		..4,672	..4,672	..4,657	..4,672	.....0	.....0	.....0	.....0	.....0	..4,672	.....0	.....0	.....0	..18	..06/01/2019..	..1.....
31405F-3V-2..	FNMA #788412 4.500 07/01/2019.....		..09/01/2004..	MBS PAYDOWN.....		..1,794	..1,794	..1,769	..1,794	.....0	.....0	.....0	.....0	.....0	..1,794	.....0	.....0	.....0	..7	..07/01/2019..	..1.....
31405H-5G-9..	FNMA #790247 5.000 08/01/2034.....		..09/01/2004..	MBS PAYDOWN.....		..611	..611	..598	..611	.....0	.....0	.....0	.....0	.....0	..611	.....0	.....0	.....0	..3	..08/01/2034..	..1.....
99M003-14-3..	FNMA TBA 4.500 08/01/2019.....		..08/13/2004..	VARIOUS.....		..2,437,250	..2,450,000	..2,437,250	..2,437,250	.....0	.....0	.....0	.....0	.....0	..2,437,250	.....0	.....0	.....0	..4,900	..08/01/2019..	..1.....
99M003-15-0..	FNMA TBA 5.000 08/01/2034.....		..08/04/2004..	BEAR STEARNS.....		..488,750	..500,000	..488,750	..488,750	.....0	.....0	.....0	.....0	.....0	..488,750	.....0	.....0	.....0	..764	..08/01/2034..	..1.....
99M003-17-6..	FHLMC TBA 5.000 08/01/2019.....		..08/13/2004..	MERRILL LYNCH.....		..2,035,313	..2,000,000	..2,035,313	..2,035,313	.....0	.....0	.....0	.....0	.....0	..2,035,313	.....0	.....0	.....0	..4,444	..08/01/2019..	..1.....
99M003-18-4..	FHLMC TBA 5.000 09/01/2034.....		..08/13/2004..	MERRILL LYNCH.....		..1,973,438	..2,000,000	..1,973,438	..1,973,438	.....0	.....0	.....0	.....0	.....0	..1,973,438	.....0	.....0	.....0	..3,889	..09/01/2034..	..1.....
99M003-19-2..	FHLMC TBA 5.500 09/01/2034.....		..08/13/2004..	LEHMAN.....		..1,011,563	..1,000,000	..1,011,563	..1,011,563	.....0	.....0	.....0	.....0	.....0	..1,011,563	.....0	.....0	.....0	..2,139	..09/01/2034..	..1.....
99M003-20-0..	FNMA TBA 5.500 09/01/2034.....		..08/13/2004..	JP MORGAN.....		..1,011,719	..1,000,000	..1,011,719	..1,011,719	.....0	.....0	.....0	.....0	.....0	..1,011,719	.....0	.....0	.....0	..2,139	..09/01/2034..	..1.....
3199999 - Bonds - Special Revenues						..10,014,586	..10,006,555	..10,059,212	..10,030,293	0	.....(15,707)	0	.....(15,707)	0	..10,014,586	0	0	0	..52,209	XXX	XXX
INDUSTRIAL & MISC. (UNAFFIL) UNITED STATES																					
025816-AP-4..	AMERICAN EXPRESS CO 3.750 11/20/2007.....		..09/15/2004..	BONDSIRECT.....		..491,640	..485,000	..494,099	..493,553	.....0	.....(1,504)	.....0	.....(1,504)	.....0	..492,049	.....0	.....(409)	.....(409)	..13,652	..11/20/2007..	..1FE.....

SCHEDULE D - PART 4

[illegible]

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE Priority Health

SCHEDULE E - PART 1 - CASH

[illegible]